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**Sportswear industry: Impacting consumer behavior and demand  
by implementing the right omni-channel retail strategy**

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## 1. Abstract

The purpose of this paper is to examine the differences in consumer behaviour and preferences for sportswear brands among millennials living in Europe. Many scholars believe that the industry leaders should meet consumers' demand by transforming their online and offline retail channels to provide seamless shopping experiences. After an in-depth literature review, the research used a quantitative analysis and included conducting a questionnaire with 192 participants aged between 18 and 34. The main findings are clear – even in Europe, consumers' characteristics and habits differ between Western and Eastern countries. However, despite the technology advancements, over half of all respondents still shop in physical retail stores. Consumers want to learn about new products and make purchases both on online webstores and in physical storefronts.

## 2. Introduction

Sportswear, a term created within fashion industry in the early 1900's, was originally used to describe clothing, including footwear, specifically designed and manufactured for sport activities. Clothes were intended to be made from soft and easily washable fabrics to enable the emancipated woman to dress without a maid's assistance. Over the past century, sports clothing has changed immeasurably, for two main reasons; new materials and technologies have made sportswear far more functional and comfortable, while consumers are more progressive in redefining health by engaging in various sports activities like never before. Consequently, sports had major influences on fashion designers, retailers and – most importantly – consumers. Today, sportswear is the fastest growing segment of the global apparel industry (Figure 1) and as such, monitoring and understanding shifts and trends in consumer preferences is essential. Technology advancements, including a possibility to compare and purchase products through the Internet redefined retailing as we know; abundance of information and near-perfect price

transparency are only some of the challenges that brands and retailers are experiencing. On top of that, enhancing brand loyalty in this new environment has never been as challenging.

Evans and Schmalensee (2016), though, argue that despite the turmoil, it is not the time to write off conventional brick and mortar just yet. Evidence shows that share gains from e-commerce are increasing, but bricks still generate higher conversion rates than clicks. In addition, majority of millennials select brick and mortar as their preferred shopping channel. An example of how important consumers are for the industry is a quote from June 2017 by Mark Parker, CEO of Nike: “Everything we do starts with the consumer. It is our obsession with serving the consumer that sharpens our focus and drives our growth”.

This paper, therefore, aims to address the following research question: to what extent should sportswear segment of retail industry depend on online channels or brick and mortar storefronts in order for companies to maximise their revenues and consumer experience?

### **3. Literature review**

#### **3.1. Retail industry through history**

Retailing has been changing dramatically throughout the centuries. Many authors, including Niemeier, Zocchi and Catena (2013), divide the timeline of retailing into three eras. In the mercantile era, merchants were selling self-made goods at local fairs and markets which would, by the eighteenth century, gradually evolve into small, family-owned shops. Towards the end of the century, fashion as an industry was born. The modern era started with industrial evolution, when a rapidly growing middle class fuelled an increased demand for clothing (Sterlacci, Arbuckle, 2017). The evolution of a more consumer-oriented society changed the scale of retail operations; goods began to be produced in larger quantities, imported luxuries could be easily copied and department stores became popular for their wide range of products and low prices. Vertical retail emerged in clothing as many retailers took control of sourcing,

production and distribution for their own retail stores. While most products were named, but not *branded*, manufacturers of consumer goods were starting to realise the importance of brand names in enhancing consumer recognition of their products (Dawson, 2000). At the turn of the twentieth century, retail stores multiplied, making clothing more accessible, cheaper to produce and offered a broader selection to the masses (Sterlacci, Arbuckle, 2017). Rising interest in sports, leisure activities and increasing health awareness in past decades are some of the key factors that are still heavily influencing fashion retail industry.

Until the early 1990s, the formula was clear – a successful retailer offers the right products at the right price in the right location (Sarkissian, 1989). At the same time, yet another revolution had entirely changed the industry; the invention of the World Wide Web started a new, digital era of retail. Global reach, ease of access and enhanced interactivity were only some of its capabilities harnessed in a wide variety of sectors. Retailers soon realised the internet's potential to provide information, facilitate two-way communication with consumers, collect market research data and, ultimately, to support the online ordering of merchandise; that was the beginning of an extremely rich and flexible new retail channel (Doherty & Ellis-Chadwick, 2010). According to Pyle (1996), the internet's "global connectivity opens up new avenues for business in a manner that traditional commerce conduits cannot match". Over time, it became evidently clear that consumers' embrace of digital technology is disrupting more and more retailers worldwide. Niemeier et al. (2013) pointed out that technological innovation was initially meant to serve retailers in order to be better at what they do; but at the same time, it is paradoxical that this technology threatens their power and hence the entire business model.

Fashion industry has been heavily impacted by e-commerce and social media in the past decade, where it is all about consumer engagement and brand loyalty. Still, Rigby (2011), argues that every fifty years retail undergoes this kind of disruption and warns that "each wave of change

does not eliminate what came before it, but it reshapes the landscape and redefines consumer expectations, often beyond recognition.”

### 3.2. Direct-to-consumer (D2C) model

According to Dunne & Lusch (2008), “retailing consists of the final activities and steps needed to place a product in the hands of the ultimate consumer or to provide services to the consumer.”

By definition, retailers act as intermediaries between suppliers, whom they help to find a market for their goods, and consumers to buy what they need or desire (Findlay, Sparks, 2002). In addition, the authors suggest that retailing is both an economic transaction, but also, in many cases, a fundamental social interaction. It is a distinctive sector with very specific relationships with culture and consumer.

Retailers that are not part of a corporate channel<sup>1</sup> need to strategically manage their relations with manufacturers and wholesalers, who are all co-dependent on one another in order to do an effective job. As the knowledge on what drives local consumers is fundamental to their operations, retailers independently choose target markets – main groups of customers they decided to serve through their marketing efforts. Today, most of the sportswear brands are targeting millennials (also known as Generation Y, born between 1980-1995), as they are perceived to be highly educated, technologically savvy and sophisticated (Wallop, 2014). They have a strong desire for distinctive brands as a means of self-expression.

Traditionally, retailers were the link between manufacturers and final consumers. Floor (2006), however, argues that the power manufactures once had has increasingly shifted to retailers, as a result of successful implementation of their brand strategies and well-established reputation. Even the largest manufacturers were losing shelf spaces in the stores of renowned retailers due to increasing product and price competition. Consequently, sports fashion retailers found their

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<sup>1</sup> **Corporate vertical marketing channels** typically consist of a manufacturer that has integrated vertically forward to reach the consumer, or a retailer that has integrated vertically backward to create a self-supply network. One channel institution owns multiple levels of distribution (Dunne & Lusch, 2008).

ways to create brand loyalty with their customers by offering wide range of high-quality products and by employing educated sales associates. However, by definition, “brand loyalty is a consumer’s conscious or unconscious decision that is expressed through the intention or behaviour to repurchase a particular brand continually” (Yee & Sidek, 2008) and as such, it has been proclaimed to be the ultimate goal of marketing (Reichheld and Sasser, 1990). Thus, manufacturers had learned that in order to enhance brand loyalty, they need to have more control over consumer experiences. In the digital era, brands have the power to own their customer relationships by selling directly to consumers.

Direct-to-consumer (D2C) model can be defined as selling products directly to consumers, online or in own retail stores by cutting the middleman and bypassing wholesale – department stores and retailers. This model has become critical in the fashion retail industry for three main reasons: (1) *Consumers are demanding better experiences*; (2) *The D2C model gives companies an opportunity to build their brand relationship with customers*; and (3) *Direct sales allow them to collect customer data*. VF Corporation, owner of a number of globally renowned brands such as Vans, Reef and The North Face, has an imperative of controlling its pre-emptive connection with its consumers by aggressively expanding the retail segment of its business and will not acquire new brands that do not have a retail component (Lewis & Dart, 2014). Nike, world’s leading manufacturer of athletic footwear, apparel and equipment, is another example of successful implementation of D2C model that helped fuel a strong performance in company’s most recent fiscal year. “Our key measures of success in fiscal year ’18 will include stronger growth in the more direct dimensions of our business, both owned and partnered.” stated Andy Campion, company’s CFO (Alvin, 2017). Lewis & Dart (2014), however, warn that for traditional wholesale brands, a direct-to-consumer retail strategy does not mean they will abandon their retail *partnership* business – but they will simply control those relationships.

### 3.3. Omni-channel retail strategy

Previous chapters on evolving fashion retail industry and direct-to-consumer model are the foundations of the following chapter, which aims to explain why number of retailers' channels, led by digital retailing and physical storefronts, have to be highly co-dependent in order to develop a successful retail strategy.

#### 3.3.1. *Digital retailing*

Even fifteen years ago, it was widely evident that the Internet had the capacity to provide information, facilitate two-way communication with customers, collect market research data, promote goods and services and support online ordering and purchasing of merchandise (Basu & Muylle, 2003). It represented a new, rich and flexible channel; a mechanism to which consumers had responded enthusiastically because of the innovations it brought: rich product information, customer reviews and tips, editorial content and advice, social engagement, broadest selection, convenient and fast check-out, price comparison and special deals, etc. (Rigby, 2011). None of these services existed in physical stores. Online retail sales have grown significantly over the past twenty years and according to current trends and predictions, they will continue rising into the future.

Digital retailing had dramatically disrupted the structure and dynamic of retail channels; Manufacturers were craving to cut the middleman in order to target their consumers directly, causing disintermediation. This newly born direct-to-consumer model changed the balance of power within electronic retail channels (Doherty & Ellis-Chadwick, 2010). In his research on clothing retailers within the UK marketplace, Murphy (1998) had investigated the reasons why companies that already have a presence on the Internet, have selected to be there. He discovered that in only a small number of retailers there was the existence of real strategic intention behind being on the Internet, whilst majority of those companies were merely going online to keep up with the competition. Today, though, online presence is an integral part of fashion retailers'



business as manufacturers are not only selling their products, but building connections with their customers through creating strong brand stories, collaborating with influencers and enhancing market efficiency through social networks and online advertising. Rigby (2011) points out that the advantages of digital retailing will keep increasing as long as new innovations are flooding the market. Retailers themselves are driving innovation by spending heavily on recruiting, wages and bonuses to attract and retain top talent, he added.

### *3.3.2. Physical storefronts*

Despite the turmoil, evidence shows that brick and mortar sales still account for the vast majority of global retail sales (Evans & Schmalensee, 2016). Indeed, sales are shifting from offline to online, but the transition is slow. From the consumer's perspective, there are many benefits of physical retailing. Wang et al. (2015) analysed how channel characteristics influence the channel attitudes of multi-channel shoppers. They found that when consumers are in a physical store, they can easily and immediately evaluate service quality, purchase effort and purchase risk before selecting where to make their purchase. This complements previous reports that consumers in physical stores can more readily purchase than on the Internet (Neslin et al, 2006), perceive less purchase effort as the product is immediately in their possession (Johnson et al, 2006) and consider it to be less risky than on the Internet (Verhoef et al, 2007).

There are many industry examples behind the fact that physical retail is still thriving. Nine out of the top ten U.S. retailers are physical chains, while eight of them have generated sales growth in 2017 (Thau, 2017). Further, the author adds that physical stores generate higher conversion rates – the percent of store or site visitors who make a purchase – than e-commerce. Perhaps the strongest argument why physical stores will not disappear anytime soon comes from the case of Amazon, who opened its first physical store in Seattle in 2015 and plans to have thirteen in the U.S. only by the end of 2017. It can be concluded that by opening physical stores, Amazon is looking to provide a more personal shopping experience to its customers, reduce shipping

costs by providing a store pick up facility and ultimately to integrate online and offline shopping experience for its customers.

### *3.2.3. Integrating online and offline retail channels*

In 1999, when Nick Swinmurm founded the first online-based shoe store known as Zappos to help frustrated consumers find the right style, size and colour, nobody wanted to invest in such a company as shoe retailing was considered to be a typical brick and mortar business. In 2013, Zappos controlled one-fifth of the U.S. online footwear market (Koo, 2013). Interestingly – in 2009 – Zappos was acquired by Amazon, a company that had based its business exclusively on online channels until the opening of its first physical store in 2015.

The above facts deriving from the industry's best practices clearly imply the need for using both online and offline channels, especially within the sports fashion segment. Within the literature, this is known as multi-channel<sup>2</sup> retailing and, according to some of the most influential authors studying the topic, it includes physical stores, online web shops and traditional direct marketing channels, such as catalogues (Neslin et al, 2006; Konus, et al, 2008). According to Verhoef (2012), however, these channels have often been managed separately within firms, with only limited integration.

As mobile channels have had significant impact in recent years, many scholars agree that the present and the future success of retail giants depends on what is called an omni-channel retail strategy – the one including more interdependent channels. In their paper, Verhoef et al. (2015) pointed out that the differences between channels will become blurred as “the natural borders between channels begin to disappear”. The authors, thus, define omni-channel as “synergetic management of the numerous available channels and customer touchpoints in a way that the

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<sup>2</sup> Neslin et al. (2006) define multi-channel customer management as the design, deployment, coordination, and evaluation of channels to enhance customer value through effective customer acquisition, retention, and development.

customer experience across channels and the performance over channels is optimized”. Moreover, Hubspot (2016) defines it as “the ability to deliver a seamless and consistent experience across channels”. Therefore, all the different channels within a business need to interact with each other simultaneously with one main goal – to serve a customer by providing the best possible experience across all channels, at all times.

#### 4. Sportswear retail industry dynamics

As previously discussed in the introductory part of the paper, sportswear is the fastest growing segment of the global apparel and footwear industry. One of the key reasons for the rapid growth of sportswear are rising living standards and growing health awareness among people of all ages, engaging more in physical and sports activities. Hence, market leaders in this segment seized the opportunity to introduce their *streetwear* and lifestyle collections of both apparel and footwear that are suitable for everyday activities. For manufacturers, this meant more profitability, as they had to make zero or small investments in R&D to produce those products. Over time, as the market proved to be significantly larger than the one driven by sales of products specifically designed for enhancing sports performance, many other popular fashion brands had decided to compete for their market share within the sportswear market.

Competition in global apparel and footwear is intensifying as the industry is being driven by large manufacturers and retailers benefiting from economies of scale, improving the efficiency of business operations, big data analytics and lean supply chains. Perhaps the best examples of such companies are fashion giants like Inditex, but also Amazon<sup>3</sup>, which are reshaping apparel and footwear markets globally. As the frequency at which clothing is purchased continues to rise, fast fashion has turned the industry into a demand driven one. Meanwhile, the digital

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<sup>3</sup> In June 2017, Nike announced partnership with Amazon, in order to “improve customer experience on Amazon by elevating the way brand is presented and increasing the quality of product storytelling”, said Mark Parker, CEO of Nike. Financial Times (2017).

evolution continues to speed up the pace of change within this increasingly dynamic industry. Withal, sportswear giants are taking the lead in experiential retailing. Ritzer (1999) created the word “retailtainment” and described it as the “use of ambience, emotion, sound and activity to get customers interested in the merchandise and in a mood to buy”. Eighteen years later, *retailtainment* is approaching its peak as serving customers with more versatile and high-quality clothing alone became insufficient. Further, as academics strongly agree that implementation of the right omni-channel strategy represents the future of retailing, focusing on online channels is inadequate for companies to cope with the competition, let alone to maintain competitive advantage. Even pure digital players are entering the physical realm to showcase their products. It has become critical to provide a fun and engaging store experience and sportswear is leading the way with elements such as in-store sports courts. In January 2017, Nike opened a 31,000+ square-foot retail experience in Miami, offering 1:1 services for Nike+ members, including Nike+ Trial Zones for basketball, running and football footwear (Nike, 2017).

The following information and data on sportswear industry were taken from Euromonitor International (2017), the world’s leading independent provider of strategic market research. They reported that global apparel and footwear market in 2016 was valued at \$1.7 trillion. Yet, this performance was represented by the weakest industry growth (4%) since the 2008 recession; and it would have been even weaker had it not been for sportswear segment, growing 7% for the third year in a row. Sports-inspired category was the main driver of growth, led by a rapid pace of footwear (10%) and apparel (6%). Here, leading manufacturers and brands are traditionally Nike and adidas, securing their position by focusing on collaborations with designers and influencers, in order to gain even more popularity among the sports-style consumer base. Under Armour, though, recorded its 26<sup>th</sup> consecutive quarter with 20%+ revenue growth in the third quarter of 2016 – mainly driven by its rapidly growing direct-to-

consumer business, followed by its international expansion. As a result, the brand is now ranked 8<sup>th</sup> best in the industry, jumping from the 12<sup>th</sup> place in 2015, surpassing C&A and Old Navy. Sportswear has been recording significant growth in the U.S. in the past decade and 2016 was no different; sports apparel increased by 5%, while sports footwear grew 8%. Nike retained its leading position with 22% U.S. market share, experiencing growth of 6%. The company's main rival, adidas Group, also benefitted from strong performance in the U.S. in the FY 2016, recording revenue growth of impressive 16% in Q1 2017. Asia Pacific also plays the key role, as this market accounts for 38% of global sportswear absolute value growth from 2011-2016.

#### **4.1. Changes and trends in consumer behaviour and demand**

It is now undeniable that fast pace of the industry is affecting consumer needs and behaviour, becoming ever more demanding. In their latest retail business market research handbook, Miller & Washington (2016) assessed the online consumer spending across the U.S. market, based on the research done by eMarketer. They reported that the total e-commerce buying penetration in 2015 was 65% and is projected to reach 71% by the end of 2019. Further, in the same year, e-commerce sales reached \$341.7 billion, making 7.3% of total retail sales in the U.S. Interestingly, e-commerce has been recording a stagnating growth at around 15% since 2011, but its proportion has increased significantly. Looking at the distribution of online spending by product category in 2015, *Apparel and Accessories* grew 14.9% comparing to the previous year, which made it the second highest growing category in the U.S. On the consumer side, *Clothing* was the most purchased category among adult Americans (69%), while *Shoes and Accessories* was on the third place with 54%. The authors used a survey conducted by iModerate Research Technologies in March 2016, which reported that 82% of millennials and 80% of generation Z believes that e-commerce brands should also be operating physical stores. In addition, 56% of U.S. adults said they are more likely to make a purchase from a multi-channel retailer than

single-channel one. Thus, it can be concluded that when consumers have an opportunity to use multiple channels, they tend to spend more.

Taking into account the above findings, the **first hypothesis** is formulated as follows:

**H<sub>1</sub>**- *In sportswear segment, majority of all millennials prefer omni-channel shopping experience over online shopping or shopping in physical retail stores.*

On a global scale, Nielsen (2016) projects that online sales will more than double between 2015 and 2019 and account for over 12% of global retail sales. In their study, more than half of all respondents (55%) said that they are purchasing fashion products online, where South Koreans are leading the way (77%), followed by Germany (76%), China (68%), India (68%) and UK (67%). Further, 57% of respondents who made an online fashion purchase in the last six months say they bought from an overseas retailer.

This leads to the formulation of the **second** and the **third hypothesis**:

**H<sub>2</sub>** – *At least 50% of all European millennials are purchasing sportswear products through online channels, while 50% or less are making such purchases in physical stores.*

**H<sub>3</sub>** – *Consumer preferences with regards to online shopping of sportswear clothing do not depend on geographical characteristics and do not differ between developed and developing markets.*

Popular direct-to-consumer approach will indeed help companies to create strong brand identity, which will allow them to build lasting relationships with consumers. Lastly, as Nielsen (2016) argues, “to capitalise on consumer engagement, companies must strive to remain agile and flexible in order to be responsive to industry and consumer change”. Given the fast changing trends in apparel and footwear, driven by the rapid pace of technological advancements, this will arguably become the key for success.

## 5. Methodology

As already acknowledged in the introduction section, the purpose of this paper is to examine the research question: to what extent should sportswear segment of retail industry depend on online channels or brick and mortar storefronts in order for companies to maximise their revenues and consumer experience? The structure and characteristics of the retail industry have been reviewed in depth using various sources, including academic literature, recent online publications, journals and conducted researches on the latest industry dynamics from renowned organisations.

The nature of the research question requires the latest information on consumer attitudes and behaviour when shopping sportswear apparel or footwear on different retail channels, as the industry heavily relies on a final consumer. Since the previously conducted researches from Miller & Washington (2016) and Nielsen (2016) provide the necessary data on general fashion – including clothing, shoes and accessories – but do not reveal information on global consumer preferences for sportswear segment itself, it was necessary to conduct a separate questionnaire. This means that the quantitative analysis has been used to answer the research question. The purpose of the survey was to collect and analyse the data on consumer purchasing preferences in sportswear, compare it both to the results from previously done researches and formulated hypotheses and, finally, to draw conclusions. According to the time of span involved, the survey was cross-sectional, recording responses in a single period from November 5<sup>th</sup> - 24<sup>th</sup> 2017.

The questionnaire was composed of 16 closed-ended, unordered<sup>4</sup> questions, including 3 demographic questions at the end. All questions were mutually exclusive and a combination of single and multiple answers, depending on the nature of the question. According to Dillman et al. (2014) closed-ended questions are usually used to describe a person's attributes, beliefs or

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<sup>4</sup> *Unordered* question is a closed-ended question type, where responses have no identifiable or logical order (O'Leary & Israel, 2014). One demographic and one matrix table question were *scalar* (predetermined scale).

attitudes. In addition, this question type was used because of the advantages it has, such as enabling comparison across individuals, requiring less time to complete than open-ended questions and they are easy to process (Meadows, 2003). While designing the questionnaire, all efforts were made in order to avoid any biased responses.

The sampling method used to collect the required sample from the population is called quota sampling. It is a “non-probability sampling technique wherein the sample has the same proportions of individuals as the entire population, with respect to known characteristics” (Explorable, 2009). Firstly, this method was used in order to capture the target population: Europeans aged between 18-24 and 25-34. As previously discussed, these target groups correspond to the target consumer groups of companies operating within sportswear industry. Also, the first hypothesis will be tested. Secondly, the goal of the survey was to collect approximately 50% of all responses from Central and Eastern Europeans, while the remaining 50% of responses were collected from people coming from Northern and Western Europe. That way, it is possible to test the second and the third hypothesis and make conclusions whether there are differences in purchasing preferences between consumers in developed and developing markets.

The survey had been distributed directly via social media channels to the target subgroups that were required for the research. In total, there were 206 participants in the survey; 192 completed the whole survey and are representing the sample for this research, while 14 participants did not answer all the questions and therefore their responses had to be disregarded. The sample size of 192 reassures that the sample distribution of the results can be considered normal. For instance, if this sample size is taken from the target population many times, the results would be distributed normally. Considering that the entire target population counts around 100 million people, with the sample size of 192 and chosen confidence level of 95%, the margin of error is equal to 7%. This means that with a 95% confidence, the results in this research would come



in an interval of  $x-7\%$  and  $x+7\%$ . The distribution of sample by gender is as follows: male (48%) and female (52%). In terms of age groups, 51% is between 18 and 24 years old, while 49% is aged between 25 and 34. Further, people from 23 countries participated in the survey. The distribution of sample by country (Figure 2) is divided into 2 clusters: Central and Eastern Europe – CEE (55%) and Northern and Western Europe – NWE (45%). This division in clusters is solely made in accordance to how the leading sportswear companies are dividing their European market and it will make it much more convenient to interpret results that follow.

## 6. Results

Taking into consideration the three hypotheses formulated based on the chosen researches in the previous chapter, the results of the conducted survey will be presented accordingly. To begin with, it is essential to examine the percentage of respondents who are usually shopping sports fashion products online in contrast to the ones shopping in physical stores. Overall, 73% of respondents are shopping in physical stores, while 27% are shopping online. Putting that into the country cluster perspective, 83% of CEE and 62% of NWE respondents are shopping in physical stores, whereas 17% of CEE and 38% of NWE are purchasing online. From the above, it can be concluded that there are significant differences in purchasing habits between these two clusters. These results are opposing the ones from Nielsen (2016) and it can, therefore, be acknowledged that the third hypothesis ( $H_3$ ) should be rejected. Also, the second hypothesis ( $H_2$ ) should be rejected as this study proves that majority of consumers – even in the developed regions of Europe – still prefer to shop in physical stores. Further, the participants who said they usually shop in physical stores were asked to select the main downsides of online shopping. The results are as following; 88% of respondents agreed that being ‘unable to try the product’ is the main obstacle, followed by ‘long delivery time’ (26%), ‘high shipping costs’ (23%), ‘lack of immediate help from a salesperson’ (13%) and ‘privacy and security reasons’ (8%). Interestingly, the proportion between the clusters is almost exact, with one exception: only 7%

of CEE respondents chose 'lack of immediate help from a salesperson' as a disadvantage, comparing to drastically higher 22% for NWE.

When asked how often they visit a physical store of a sports fashion retailer, 44% of all respondents do so every month, while 35% answered '5-6 times a year'. Overall, the participants from NWE are more frequently visiting physical storefronts, as their proportion for 'every week' and 'every month' is higher in comparison to CEE. Moreover, 60% of all respondents normally visit single brand retailers, while 40% prefer multi brand retail stores. The purpose of the next question was to understand what drives the consumers to visit such stores; the top three reasons are 'touching, feeling and trying products' (84%), 'purchasing products' (44%) and 'leisure activity' (25%). Further, 26% of NWE and 12% of CEE respondents selected 'I like the ambient' as one of the main reasons for walking into such stores. These data are one of the key parts of the research, as understanding how consumers feel about the interior design and functionality of today's shops could paint an important picture for retailers and raise potential concerns. This survey reveals that CEE consumers are less satisfied, less excited and significantly less inspired than their NWE counterparts when visiting a typical sports fashion retail store. Likewise, around 60% of NWE and 40% of CEE consumers disagree that they find themselves annoyed, frustrated and bored in such situations. This implies that retailers are investing in retail stores more in the Northern and Western Europe and less in Central and Eastern Europe. Taking into consideration that 83% of CEE consumers shop in physical stores, it can be acknowledged that this is a great opportunity for sports fashion retailers.

The next set of questions focused on understanding participants' online shopping behaviour. When asked to select the main advantages of online shopping, 'more choice' was on top with 64%, followed by 'better offers' (57%), 'more convenience' (36%), 'consumer reviews help me make a better decision' (35%) and 'price transparency' (26%). Overall, 10% does not shop online – 15% of CEE and 5% of NWE. The main online media used to find inspiration for

purchases are social networks (68%), multi-brand websites (40%) and individual retailer websites (38%). Interestingly, when it comes to online shopping, more consumers use multi-brand retailers (56%) than the single brand ones. This is opposed to physical shopping, where, as previously mentioned, consumers prefer single brand storefronts. Another important finding is that consumers shop online less frequently than they do in physical stores; only 3% makes an online purchase every week, while majority shops 5-6 times (30%) or once a year (29%). Again, NWE respondents are shopping online more frequently than their CEE counterparts.

The purpose of the final set of questions was to understand how would consumers like to shop in the near future. The first question described the following hypothetical scenario: *“You walk into a store of a popular sports fashion brand and you found a pair of shoes you want to buy. Unfortunately, the size/colour you are looking for is out of stock. You approach a sales associate who is armed with an iPad that is available to give you on-the-spot and up-to-date product information. The associate can instantly place an online order for you to have the item shipped directly to your home. Would you like to shop this way?”*. Intuitively, it could be assumed that the vast majority would like to shop this way; 78% of respondents said ‘yes’, 17% said ‘maybe’ while 5% does not like this concept. Surprisingly, here, NWE consumers are more sceptical. Although this type of situations seems to be years away, it is already being implemented by a number of sportswear retailers. The problem, however, is that such services are not available to the people who do not live in key cities of the western world. The latest technology related to supply chain and logistics indeed allows the leading global brands to do that, but they are not prioritising all consumers equally. In the second from last question, the participants were asked where would they want to learn about the latest products and offers. Only 4% chose ‘in physical stores’, 35% chose ‘online websites’, while more than half of all respondents (61%) would want to learn on both channels. Finally, a similar question was asked: *“Ideally, where would you want to make such purchases?”*. The results are somewhat different;

20% selected online websites, 28% would do so in physical stores, while, again, majority would want to purchase sports fashion products on both channels (53%). These findings make it clear that consumers want to learn about the products online or on both channels, but they do not want to lose a real, in-store shopping experience. What consumers want is exactly what had been discussed in-depth in this paper – a seamless omni-channel retail experience. Thus, the first hypothesis (H<sub>1</sub>) should be accepted, as the majority of the millennials indeed do prefer an omni-channel shopping experience over online shopping or shopping in physical stores.

## 7. Limitations

This paper aimed at carrying out an extensive analysis of the sportswear industry through the lenses of those who have the most power to reshape it – end consumers. Some of the key findings from previous researches were used as a foundation for formulating the three hypotheses. As much as the secondary data was helpful to form the structure of this paper and led the way when formulating the questionnaire, there are several important limitations to this research. Due to accessibility constraints, the main challenge was getting access to observe the results of previous extensive studies on the sportswear segment itself, instead of analysing the general clothing industry. That way, this research would have been more powerful and accurate. Alternatively, even the results on consumer behaviour taken from a general clothing industry would have been sufficient, as long as the research had covered the regions corresponding to this study. Secondly, due to time and space constraints, one of the challenges was difficulty to prove or examine why and how is the sportswear segment of the industry different from the traditional clothing segment. Further, besides the previous benefits, the disadvantage of using the quota sampling method is the following: the sample has not been chosen using random selection, but rather based on ease of access and time consideration, which resulted in sampling bias and impossibility to compare proportions, as the samples are not random. Finally, despite the efforts taken to minimise biased answers, there are downsides of using closed-ended

questions in the survey, as they “cannot capture in-depth or spontaneous responses and can sometimes unknowingly bias answers by forcing the respondent to choose between alternative responses or consider options that they had not previously considered” (Oppenheim, 1992).

## 8. Conclusions

Despite the abovementioned limitations, there are several meaningful conclusions and learnings that can be taken from this work project. The influence of the dynamic sportswear segment on the overall fashion industry has been increasing heavily and will continue to do so in the near future. This leads to the first key learning; dramatic technology advancements and constant innovation are allowing the sports fashion giants to change the shopping experiences as we know; having an online and offline presence is a must, but not an advantage – only carefully designed omni-channel retail strategy focused on maximising consumer experience will have a decisive role in retaining the competitive advantage of sportswear brands. This being said, it is essential to understand that there are significant differences in consumer behaviour and demand – even within Europe, let alone worldwide. Millennials, in spite of the heavy impact of online shopping, strive to be a part of in-store shopping experiences that will allow them to create stronger connections with their favourite brands, get inspired and, ultimately, be more satisfied with the choices they make. Finally, it is necessary to align offers and prices across all channels to ease customers’ decision making when torn between purchasing online or in physical stores. A common practice of sportswear brands to incentivise online shopping by offering online discounts makes sense for companies in order to, for instance, decrease inventory levels globally, but consumers are faced with decisions whether to purchase a cheaper product and wait for the delivery or pay more and have it immediately. Consumers should feel indifferent and make purchasing decisions depending on what is more convenient for them. Sportswear brands that truly do put consumers first will have to implement this concept together with fun and engaging store experiences to fully benefit from their omni-channel retail presence.

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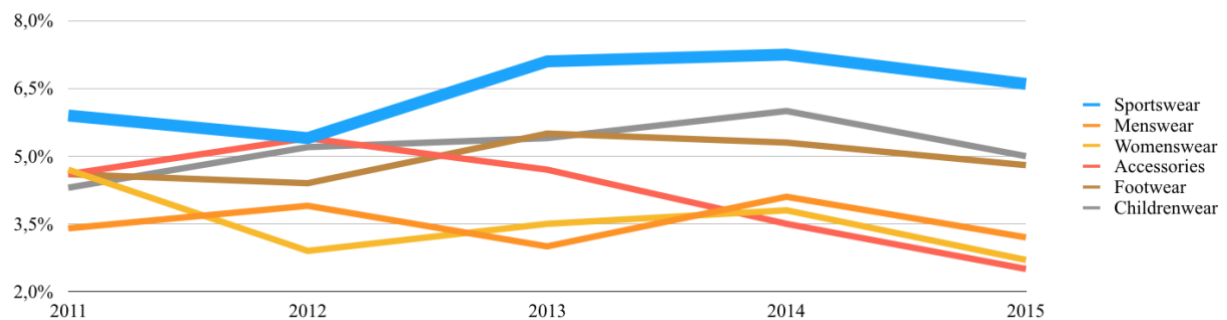
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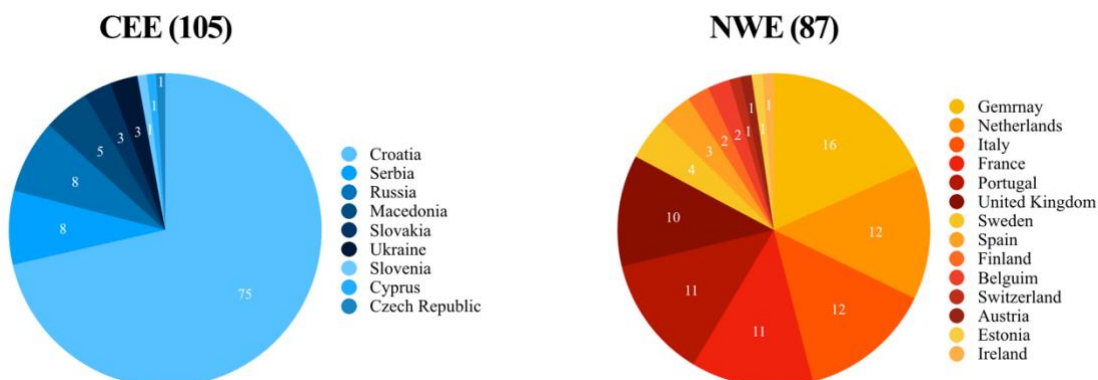
## Appendices

**Figure 1.** Sportswear is leading in year-over-year global sales growth in apparel industry



Source: Euromonitor International (2017)

**Figure 2.** The distribution of sample by country



Source: Created by the author based on the collected survey data